

House File 476 - Introduced

HOUSE FILE 476

BY IVERSON

A BILL FOR

1 An Act relating to agricultural associations, by providing for
2 a community investment board.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 499.5B Agricultural associations —
2 special requirements for small communities.

3 1. As used in this section:

4 a. "Community" means a city where an agricultural
5 association operates a principal business location if the
6 city has a population of less than two thousand residents.
7 Otherwise, a "community" is a township where the association
8 operates a principal business location if the township has a
9 population of less than two thousand residents. The population
10 of a community shall be determined according to the latest
11 decennial census conducted by the United States bureau of the
12 census.

13 b. "Qualified agricultural association" means an agricultural
14 association that operates a business in a community.

15 2. A qualified agricultural association shall be subject to
16 the oversight of a community investment board which is managed
17 by trustees. The trustees must be members of the association
18 who reside within the community. The trustees shall be elected
19 by members of the association who reside in the community. At
20 least three trustees shall serve on the community investment
21 board.

22 a. Those directors of the board of directors residing
23 in the community may nominate candidates to serve on the
24 community investment board. Any member who is a resident of
25 the community may submit a petition to nominate a candidate. A
26 candidate's name shall be placed on the ballot if the petition
27 is signed by fifteen percent of the members residing in the
28 community.

29 b. The board of directors shall conduct the initial election
30 for trustees in substantially the same manner as provided
31 for the election of the directors. The board of directors
32 may create additional procedures to ensure the residency of
33 candidates and voters. A trustee shall be elected at a meeting
34 of qualified members who are entitled to vote at which a
35 majority of all shares entitled to cast a vote do vote.

1 *c.* After the initial trustees are elected, the community
2 investment board or the members of the association who are
3 qualified to vote for the trustees may adopt amendments to
4 the association's articles or bylaws that affect the terms
5 of office and management, as provided by amendments to the
6 articles or bylaws. However, the requirements of this chapter
7 that govern the board of directors or a director shall also
8 govern the community investment board and trustees, including
9 but not limited to the selection of officers, the removal of
10 officers and directors, voting procedures, and standards of
11 conduct. A trustee shall be compensated in the same manner as
12 a director.

13 3. The community investment board must approve all of the
14 following:

15 *a.* The acquisition of shares or other interest in the
16 association by persons who do not reside in the community, as
17 determined by the board. However, the board shall not approve
18 the acquisition of shares or other interest in the association
19 by such person if any of the following applies:

20 (1) The acquisition equals more than two-hundred and fifty
21 thousand dollars.

22 (2) Less than eighty percent of all shares or other
23 interests in the association are held by persons who
24 reside within twenty miles of the principal location of the
25 association's business in the community.

26 *b.* The merger or consolidation of the association as
27 otherwise provided in this chapter.

28 Sec. 2. NEW SECTION. **499.64A Requirements for qualified**
29 **agricultural associations.**

30 The board of directors of a qualified agricultural
31 association, as defined in section 499.5B, shall not
32 take action upon a merger or consolidation as provided in
33 this chapter until the community investment board for the
34 association approves the plan of merger or consolidation.

35

EXPLANATION

1 This bill relates to agricultural associations organized
2 under Code chapter 499 which are located in a city or
3 township with a population of less than 2,000 residents. The
4 association is required to have a board of trustees who are
5 members of the association, who must reside in the community,
6 and who are elected from members of the association who
7 reside in the community. Any member who is a resident of the
8 community may submit a petition to nominate a candidate. A
9 candidate must be placed on the ballot upon petition of members
10 residing in the community. The community investment board must
11 approve the acquisition of shares or other interest in the
12 association by persons who do not reside in the community. The
13 board cannot approve an acquisition which equals more \$250,000
14 or if less than 80 percent of all shares or other interests in
15 the association are held by persons who reside within 20 miles
16 of the principal location of the association's business.